

States and Union Territories has been a very significant step in the direction towards introduction of GST. Some States/UT are yet to implement State VAT. Efforts are going on to persuade them to implement State Vat at the earliest. Phasing out of Central Sales Tax (CST), which is a non-rebatable origin-based tax of cascading nature, is another prerequisite for introduction of GST. Consultations with States are presently in process to work out the modalities for phasing out of the CST. Other steps in the direction of introduction of GST will also be taken in due course of time.

### **Stabilisation of VAT system**

†1426 SHRI MANGANI LAL MANDAL: Will the Minister of FINANCE be pleased to state

(a) whether it is a fact that VAT system has now stabilised and indications are there that desired results would be achieved;

(b) whether it is also a fact that the States which have implemented VAT system have registered about 14 per cent growth in tax revenue in the year 2005-06 and up to date period of year 2006-07 in comparison to financial year 2004-05 which is more than the annual compound rate of Sales Tax revenue of such States;

(c) if so, the details thereof; and

(d) whether it is a fact that the remaining States which have not implemented VAT system so far have not indicated any exact time schedule for implementing the same in their respective States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM) (a) The experience with implementation of VAT has been very encouraging so far. The new system has been received well by all the stakeholders. The introduction of VAT has helped in putting in place a uniform and transparent system of taxation across the States. The fact that more and more States are joining VAT shows that the system is stabilising and succeeding,

(b) and (c) it is seen from provisional tax revenue data furnished by States/UTs that during 2005-06, the tax revenue of 25 VAT implementing States/UTs registered a growth rate of about 13.8% as compared to 2004-05, which was higher than the Compound Annual Growth Rate (CAGR)

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†Original notice of the question was received in Hindi.

of Sales Tax revenues of these States/UTs for last 5 years upto 2004-05. Further, during first 7 months of the year 2006-07 (April-October), the tax revenue of 30 VAT implementing States/UTs has registered a growth rate of 26.1 % over the corresponding period of the previous year.

(d) 3 States/UT, namely, Uttar Pradesh, Tamil Nadu and Pondicherry are yet to implement VAT. The Government of Tamil Nadu has decided to implement VAT w.e.f. 01.01.2007. The Government of Pondicherry has informed that it proposes to implement VAT w.e.f. 01.04.2007. The Government of Uttar Pradesh has yet not taken a decision regarding implementation of VAT.

#### **Collection of service tax by BSNL**

1427. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the BSNL, the Public sector telecom major contributes more than Rs. 3000 crores a year as Service Tax;

(b) whether BSNL collects Service Tax on more than 20 crore bills monthly;

(c) whether BSNL franchisees have alleged harassment by tax authorities over the payment of Service Tax every month and almost 25 per cent of the franchisees have threatened to sever connections with BSNL due to this vexatious tax collection system; and

(d) what steps are being taken by Government to address this problem faced by BSNL franchisees?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir.

(b) The information regarding the number of bills issued by a service taxpayer is not collected by the Department.

(c) No such instance of harassment has been reported.

(d) Does not arise in view of (c) above.

#### **Relief to employees of profit making PSUs**

1428. SHRI TAPAN KUMAR SEN:

SHRI CHITTABRATA MAJUMDAR:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether Government are aware of any mandate to the Public Sector